

Mississippi's Magnolia Garden: A Forward-Leaning Approach to Economic Development and Economic Gardening

By Matthew McLaughlin and Tray Hairston



Have lunch with your investment advisor and the first piece of advice you will likely hear is to diversify your portfolio, or in plain speak – don't put all your eggs in one basket. The same reasoning might apply to a local community's approach to economic development. Economic development seeks to improve the economic well-being and quality of life for communities by creating and/or retaining jobs and supporting or growing incomes and the tax base.

Throughout the years, most economic development efforts have been aimed at traditional business recruitment and marketing strategies. More specifically, communities all across America have predictably incentivized their economic development bait to lure the proverbial big fish – large industrial manufacturers, auto manufacturers and their suppliers, call centers, food processors, etc.

► Economic Gardening

With economic uncertainty looming, progressive American regions have chosen to adopt new economic development approaches. One innovative approach to the ever elusive hunt for jobs is simply to create your own. Instead of directing precious financial resources towards carefully crafted plans that focus on recruiting new business from “outside-in,” economic gardening embraces a philosophy designed to generate new jobs from the existing base of businesses already located within the community. Diversifying a community's economic development portfolio to embrace an economic gardening model hinges upon providing targeted incentives such as a job creation tax credit, educational enhancements and networking opportunities to innovative home-grown businesses operating in the region. While the success of traditional economic development recruiting can bring about a great deal of publicity and create a large number of jobs, not all communities will be able to succeed at the game of landing the big projects. Some communities will have difficulty producing the right amount of incentives to lure high-profile jobs; however, by using the long term “inside-out” economic gardening approach, the payoff in terms of job creation and economic growth for certain communities could be huge.

► Historical and Modern Economic Gardening

A prime example of the philosophical framework behind economic gardening is found in Littleton, Colorado. Unlike many small towns in Mississippi, the community of Littleton consisted of roughly 40,000 people and was attempting to recover from the layoff of several thousand employees by the town's major employment anchor. In response, Littleton's community leaders looked inward by focusing on its entrepreneurial economic development infrastructure instead of loading its lure with quick fix incentives in search of the big project.

The framework for economic gardening is both innovative and simple. At its core, the philosophy suggests that a sustainable economic development policy must strike a balance between applying “outside-in” and “inside-out” growth strategies, subject to the unique attributes and resources of a given community. Littleton's policy was based on a simple belief: small local entrepreneurial firms would be the engine for the creation of sustainable wealth and new jobs, and the role of the city was to provide a nurturing environment within which these small firms could flourish. As a testament to economic gardening's vitality, other communities throughout the United States have also experienced success as a result of diversifying their economic development portfolio.

In Oakland, California, the city's economic development office launched an economic gardening program that encouraged entrepreneurialism in connection with the abundance of venture capital firms throughout the region. In Santa Fe, New Mexico, the Santa Fe Economic Development Inc. crafted a plan utilizing economic gardening principles and conventional industry cluster development techniques to create jobs from existing local businesses.

In Madison, Wisconsin, the State of Wisconsin used economic gardening principles to establish the Wisconsin Entrepreneurs' Network and Wisconsin PeerSpectives Network to enhance connectivity and exchange among business owners and community leaders.

Even large financial institutions like Goldman Sachs are partnering with Warren Buffett to spend over \$200 million on education and training programs to encourage the development of entrepreneurialism and small business and are emblematic examples of successful economic gardening principles. Goldman Sachs' "10,000 Small Businesses" program is an initiative created with the goal of unlocking the growth and job-creation potential of 10,000 small businesses across the United States through greater access to business education, mentors, networks and financial capital. The program is based on the view that a combination of education, capital and support services best addresses the barriers to growth for small businesses. Through the program, Goldman Sachs will invest over \$300 million in Community Development Financial Institutions to help business owners reach their potential to access capital. In all, the initiative is a \$500 million investment in the "inside-out" approach to economic development.

► Practical Applications of Economic Gardening in Mississippi

One of the main goals of economic gardening is to create an environment where entrepreneurs can flourish. Of particular importance to this concept are intellectual stimulation, openness to new ideas and the support of infrastructures like venture capital and local universities. Embedded within this economic model is also the notion of Mississippi's creative class – a development which contends that creative companies and entrepreneurs are responsible for a great deal of Mississippi's new jobs and wealth. Thus, nurturing Mississippi's creative environment is conducive to entrepreneurial activity and prosperity. As noted by the Mississippi Arts Commission and Mississippi Development Authority's joint study to explore the realization of the economic potential of creativity in Mississippi, communities in Mississippi stand poised to reap the rich benefits of their cultural and creative splendor. Moreover, economic development practitioners see Mississippi's creative class as a vehicle for job creation and economic opportunity for communities throughout the state.

For cash-strapped communities suffering from revenue shortfalls, economic development from a localized approach may be the key. In January, the State of Mississippi, through the Mississippi Development Authority's Pilot Entrepreneur Training Program, launched an effort to target small businesses and entrepreneurs in order to introduce them to business planning resources, the legal aspects of business and management, human resources and management principles, marketing research and analysis, financial statement resources, trade and exporting, government contracting and information on purchasing or expanding a business. Thus, the key to the puzzle is for communities to seek to generate added value from their rich cultural and historical heritage. Each community should seek to find its own economic development identity or form regional clusters to pool their resources

with neighboring communities. In diversifying a community's economic development portfolio, community leaders must be confident in the proposition that there is a light at the end of the tunnel because entrepreneurs ultimately drive the United States economy. ■

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